

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: 03-66

DATE PREPARED: July 10, 2003

STATE AGENCY: Family and Social Services Administration

DATE RECEIVED: June 10, 2003

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Digest of Proposed Rule: This rule amends 405 IAC 5-21-1, 405 IAC 5-21-7, and 405 IAC 5-21-8 to add assertive community treatment (ACT) intensive case management services as a covered service for certain Medicaid recipients with serious mental illness. The rule also amends 405 IAC 5-3-13 to require prior authorization for ACT case management services.

ACT intensive case management services are defined by the rule as services provided by a multidisciplinary team that has the responsibility for the direct provision of community-based psychiatric treatment, assertive outreach, rehabilitation, and support services to an adult Medicaid population with serious mental illness who also have co-occurring problems or multiple hospitalizations. According to OMPP, ACT intensive case management services include structured provider teams serving a maximum of 120 seriously mentally ill adults. The teams meet daily and review each case to determine daily treatment needs. ACT Teams are certified by the Division of Mental Health and Addiction (DMHA) within the Family and Social Services Administration.

Governmental Entities: *State:* According to the Office of Medicaid Policy and Planning (OMPP) and based on actuarial projections, the amended rule is expected to increase the amount of federal funds able to be leveraged by DMHA. OMPP estimates total additional expenditures for ACT services to be about \$12.2 M per year. Assuming implementation by November 1, 2003, additional federal reimbursement is estimated to be approximately \$5.0 M in FY 2004 and \$7.6 M for FY 2005.

Currently, these services are funded either from the DMHA allocation (100% state dollars) or by community mental health centers (CMHCs). However, this rule will allow the ACT services to be provided under the Medicaid program through the Medicaid Rehabilitation Option (MRO). DMHA and the CMHCs are responsible for the state share of MRO services. Since these services are currently funded with 100% state dollars and by the CMHCs, funds will be freed up for other possible expenditures to the extent of the federal reimbursement.

This rule places no unfunded mandates upon state government.

Local: This rule places no unfunded mandates upon any local government unit.

Regulated Entities: Of the 31 CMHCs actively participating in the Medicaid program, approximately 11 have DMHA-certified ACT Teams. The CMHCs that do not operate ACT Teams will not experience a

decrease in Medicaid payments due to this rule.

According to OMPP, this rule will not require any additional expense for CMHCs to comply.

Information Sources: Katy Howard, OMPP, 233-5005.